

## MINUTE

Meeting of: Scottish Futures Trust Limited - Board

Date & Time: Monday 28 June 2021, 2pm

Place: By video conference

Present: Ian Russell, Chair (IR)  
Ann Faulds (AF)  
Bill Matthews (BM)  
Pauline Mills (PM)  
Graham Watson (GW)  
Ann Allen (AA)  
Peter Reekie (PR)

In attendance: Liz Petrie (LP)  
Caroline Whyteside (CW) (part meeting)  
Christa Reekie (CR) (part meeting)  
Neil Rutherford (NR) (part meeting)  
Paul Devine (PD) (part meeting)  
Stephen Aird (SA) (part meeting)  
Peter Kearns (PK) (part meeting)

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### 1 FORMALITIES

#### 1 Apologies

There were no apologies.

#### 2 Declaration of Directors' interests

PM highlighted Taylor Wimpey's involvement in the strategic housing site in Dunfermline referenced in the Key Deliverables report (Paper 03).

#### 3 Minute of previous meeting

The minutes of the meeting of the Board of Directors of 17 May 2021 were noted and approved as a correct record.

#### 4 Action tracker

Completed actions and timescales for ongoing actions were noted.

### DISCUSSION

#### 5 Context Discussion

PR advised that following Ministerial appointments in the Scottish Government, meetings have been held with both Michael Matheson, the Cabinet Secretary for Net Zero, Energy

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and Transport (NetZet) and, Ivan McKee, the Minister for Business, Trade, Tourism and Enterprise (BTTE). The Board noted that while the Company's sponsorship remains with the Cabinet Secretary for Finance and the Economy, regular meetings are being run by the Minister BTTE and it was agreed that consideration should be given to future direct engagement with the Cabinet Secretary.

PR outlined the areas of SFT activity and ambition included in the briefing for the Cabinet Secretary for NetZet including the acceleration of heat and energy decarbonisation, the opportunities for public sector leadership, consideration of mandating the Net Zero Public Buildings Standard and regulatory and incentivisation schemes for at-scale investment.

PR further advised that the construction industry falls within the Minister BTTE's remit and a presentation on the on the launch of the construction pipeline tool had been given to the Minister. PR gave a short demonstration of the tool to the Board, noting that the tool covered building projects across Scotland and will be updated on a 6 monthly basis.

PR provided a brief update on the development of the Construction Accord and agreed to meet separately with AA on retentions.

*PR/AA to meet to discuss retentions.*

PR advised the Board that SFT is supporting Scottish Government COP26 initiatives and is engaged with the UK Construction Leadership Council to highlight Scottish projects and initiatives.

## **6 Business Area – Development and Housing**

*CR, NR, PD, SA and PK joined the meeting for this item.*

CR, NR, PD, SA and PK gave a presentation illustrating how the current business plan's three corporate priorities of Place, Net Zero and Inclusive Growth, are being actioned across the Development and Housing business area and described activities contributing to the key deliverables.

SA described current asset strategy activity on the public sector estate, with a focus on embedding the investment hierarchy from Scottish Government's Infrastructure Investment Plan. The Board noted the high impact on communities and place of the Land team's work on the disposal and re-use of the public estate. PK highlighted the collaborative work being carried out on developing 'Connected hubs' across the country, providing opportunities for co-location, anchored in Place principle, supporting and sustaining local communities. NR outlined the timelines and challenges involved in developing the Green Growth Accelerator which is a key deliverable for the current year.

The Board discussed the future of the public estate post COVID with changed demand for offices and PK described how the pandemic has accelerated the understanding of remote and hybrid working and the understanding of the value of co-location to produce a smaller, more distributed, greener estate.

The Board noted the collaborative approach with other public bodies deployed across the business area and the associated dependence on resource within partner organisations in order to progress actions and achieve targeted timelines. The Board noted that this risk is monitored on an ongoing basis and is included in the Corporate risk register.

## **7 Key Deliverables**

The Board noted the report outlining progress against the eight key deliverables 2021-22.

PR highlighted that good progress has been made in reviewing the National hub Programme Board terms of reference to set the governance context for the programme's next phase. The Board noted that VEAT notices have been issued for three of the five hub territories with the two remaining territories being further from the limit.

PR highlighted emerging issues in relation to managing the portfolio of hubCo and DBFM investments including the impact of recent changes in corporation tax and the transition from LIBOR to SONIA.

The Board further noted positive progress on the Learning Estate Investment Programme activity and PR highlighted the challenges remaining in the Early Learning and Childcare programme with a significant number of projects due to complete over the summer period.

PR described some of the challenges in the development of innovative funding and financing models for priority areas of infrastructure including transport with heightened uncertainty in commuting patterns due to COVID-19. The Board requested that in considering new models, a review of lessons learnt from past funding and financing innovations be undertaken and a report brought to the September Board meeting.

*Review of lessons learnt on funding and financing models to be brought to next board meeting.*

PR further highlighted progress in the Net Zero Public Sector Building Standard and the challenge in maintaining pace due to partners' limited resource and competing priorities.

PR confirmed that the next iteration of the Construction Accord will be submitted to Ministers shortly and agreement is targeted for the end of the summer period.

## **8 Business Area Reports**

The Board noted the business area report. PR advised that this agenda item will be used to highlight important areas of activity being undertaken outwith key deliverables.

The Board noted that all activities within the Management and Investments business area have now been transferred to other business areas following the departure of V Cockburn and PR confirmed that detailed handovers have been undertaken for all areas.

## **9 Business Plan Objectives**

The Board noted the report on progress against individual business plan objectives, noting that all objectives are currently rated 'green' as on track for completion. The Board asked that PR consider how to illustrate and track the impact on individual objectives of emerging issues and risks reported in relation the key deliverables.

*PR to consider how to illustrate the link between the Key Deliverables report and the individual objectives.*

## **10 Public Inquiry**

PR provided an update on the timetable and arrangements for the Scottish Hospitals Public Inquiry. PR further advised that a revised estimate of legal costs for the current financial year has been received and discussions with Scottish Government on securing additional funding have commenced.

## **11 Finance Report**

*CW joined the meeting for items 11-14.*

The Board noted the Finance Report showing the financial position for the two months ended 31 May 2021. CW advised that the draft grant letter has now been received from Scottish Government and indicates an increase of £87k which it is intended to add to the unallocated advisory budget.

The Board noted that the Public Inquiry costs are still expected to be in excess of the amount currently budgeted and therefore recommended that unallocated advisory be moved to the Public Inquiry budget pending greater certainty on securing additional funds from Scottish Government.

*Unallocated advisory budget to be moved to Public Inquiry legal fees budget.*

CW confirmed that work on phasing of corporate costs across the year will be undertaken for the report to the Board in September.

## **12 Report from Chair of Audit Committee**

GW reported on the meeting of the Group Audit Committee that had taken place on 21 June 2021, highlighting the following:

- The Committee approved an internal controls plan for the period 2021/22 to 2023/24.
- The Committee had noted and discussed the conclusions of the review of processes and procedures relating to the hub West working capital loan. The report had highlighted some historic weaknesses in handover and documentation of change which have now been addressed in improved procedures.

- The Committee had noted and discussed the conclusions of the review of the Hilton of Rosyth LLP which identified improved processes for implementation by the LLP.
- The Committee approved the updated Internal Controls and Procedures Manual reflecting the conclusions of the hub West loan internal review and new electronic approval processes.
- The Committee reviewed the Corporate Risk register and noted that it is used as an active tool by management.
- GW advised that Project and Programme Governance is now reported at each meeting of the Committee rather than on an annual basis.
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- The Committee had discussed the risks associated with in-house lawyers being perceived to have given professional advice. The Committee noted a new legal Senior Associate Director role is being created and a review of the governance of internal legal work will be carried out following this appointment.
- The Committee had requested that further consideration be given to the appointment of non-board members to the Committee.

### **13 Corporate Services Report**

The Board noted the report covering human resources, communications, business technology and office management.

CW highlighted the update on cyber security and confirmed that all staff will be required to undertake training to be scheduled over the summer period.

The Board noted the significant level of recruitment activity. AA recommended that the level of detail requested in the standard reference forms issued by the Company be reviewed.

*CW to review reference request forms.*

### **14 Outcomes – interim progress report**

The Board noted the report providing an update on work completed to date along with key activities to be undertaken in the coming months on 2020/21 Outcomes reporting.

CW highlighted that in line with the recommendation in last year's assurance report, work is to be undertaken on demonstrating how specific targets achieved in the year have fed into the delivery of the Outcomes.

**15 Health and Safety**

The Board noted the paper providing an update on Health and Safety management over the past year including the HSE Health and Safety Leadership Checklist.

PR outlined Health and Safety considerations of the return to office, noting that a phased return is planned focussed on team meetings with a maximum of 20 people allowed in the office on a single day. The Board recommended that both private and public sector practices for the return to the office be monitored.

Discussion took place on Board directors' responsibilities including in respect of Health and Safety.

**16 Stakeholder feedback**

The Board noted the report summarising feedback on the Company from external parties across public and private sectors gathered by the Chairman. IR confirmed that the comments has been reviewed and discussed with PR. It was considered that the external comments align with what is presented internally.

**17 Board Strategy Day**

The Board noted and discussed the report setting out the proposed purpose, structure and arrangements for the Board Strategy Day on 1 November 2021.

The purpose of the session was agreed as to

- review the Corporate Plan in the light of the current context and identify whether any strategic changes should be made.
- identify where the organisation would like to be in 2024 at the end of the Corporate Plan period, with respect to the outcomes identified.
- decide on changes in priorities and work stream activities to be taken into the 2022-23 Business planning to deliver the identified position.

The Board agreed that the Strategy Day should be conducted in person if possible. It was agreed that the Leadership Team should attend. Directors were asked to consider who they would like to hear speak and advise PR of any recommendations based on topics to be agreed.

It was noted that a further update would be brought to the Board in September.

**18 AOB**

The Board acknowledged Vivienne Cockburn's significant contribution to the Company and agreed that a note of thanks should be issued by the Chairman on behalf of the Board.

*IR to issue note to V Cockburn on behalf of the Board.*

